Customer profile for opening bank accounts

2161. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the financial background of a Bank customer and customer profile is to be made mandatory before allowing a Bank account to be opened;

(b) if so, the purpose of insisting on financial background; and

(c) what other changes are proposed to be made in the private and public sector Banking of the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) to (c) Reverse Bank of India (RBI) has reported that Banks have been advised from time to time to adhere to the prescribed norms and safeguards while opening accounts and to put in place systems and procedures to help control financial frauds. RBI has instructed Banks to be vigilant while opening accounts for new customers. In the light of recent developments, these instructions are being reiterated with a view to safeguarding the Banking sector from being unwittingly used for the transfer or deposit of funds derived from criminal activities, (both in respect of deposit and borrowal accounts) or for financing terrorist activities.

Banks are, therefore, being advised by RBI to obtain information about a customer such as source of funds, income and assets and nature and extent of the customer's expected use of the products and services of the Bank at the time of opening an account to prepare a 'customer profile'. At the same time, Banks are required to ensure that there is no harassment of customers and the customer acceptance policy does not become restrictive in nature leading to denial of access to the general public for Banking services.

Internal Asset Reconstruction Fund for UTI

2162. SHRI RAMACHANDRA KHUNTIA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Unit Trust of India has decided to set up an internal Asset Reconstruction Fund (ARF);

(b) If so, the details thereof alongwith its terms of reference; and

(c) The steps taken to improve the Net Asset Value (NAV) of various schemes of UTI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) UTI has intimated that it has decided to set up the Asset Reconstruction Fund to acquire the Non-performing Assets of the open-ended schemes of UTI in order to attempt the recovery of the amounts recovered would, to various schemes of the Trust, in a more focused manner. The amount recovered would, after deduction of expenses incurred by the ARF for realization, be transferred to the schemes from which the assets were originally transferred to the ARF.

(c) According to UTI, improvement of Net Asset Values is a function of the state of the market and the ability of fund management. The question of improvement in fund management is being addressed on a continuous basis by Unit Trust of India.

Pending income tax refund cases

2163. SHRI RAMACHANDRA KHUNTIA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the number of income tax refund cases pending as on 31st March, 2002;

(b) the reasons for delay in settling all pending income-tax refund cases; and

(c) The fresh steps taken/proposed to be taken by Government for expeditious completion of pending income-tax refunds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Presently, the information regarding pending income tax refund cases is not maintained centrally. However, all Chief Commissioners of Income Tax have recently been instructed to send a monthly report regarding such cases to the Central Board of Direct Taxes.